GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Mines & Minerals – APMDC - Approval to form a Trust with the name "***APMDC FOUNDATION***"- Orders - Issued.

INDUSTRIES & COMMERCE (MINES-II) DEPARTMENT

G.O.MS.No. 94 Dated: 30-06-2017
Read :

From the APMDC Lr., No. APMDC/TRUST/2017-18/208, Dt. 11.05.2017

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ORDER :

The VC&MD, APMDC has stated that the Companies Act, 2013 came into effect from 1st April, 2014 and a new Section 135 was introduced for companies to contribute 2% of their profits earned as a part of Corporate Social Responsibility (CSR) in social development of the country.

2. The Corporation incorporated under the Companies Act, 1956 shall comply with provisions of Companies Act, 2013. The provisions of Section 135 & Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 deal with the provisions relating to Corporate Social Responsibility.

3. As per the provisions of Section 135 of the Companies Act, 2013 and Rules made there under "Every Company having Net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors".

4. The Board of every Company as refereed above shall ensure that the Company spends, in every financial year, at least **two percent** of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

5. The APMDC has further stated that the Board after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the Company and the policy shall relates to the activities to be undertaken by the Company as listed in Schedule VII of the Companies Act, 2013 and as amended from time to time.

6. In compliance with the above provisions of Law, the Corporation at their 382nd Board Meeting held on 18th July, 2016 was formed a Board level CSR Committee with the following Directors :

S. No	Name of the Director	Designation
1.	Vice-Chairman & Managing Director, APMDC	Chairman
2.	Ms.HemaMunivenkatappa, IA&AS Special Secretary Finance, Govt of AP.	Member
3.	Sri V Radha Krishna, Deputy Secretary to Govt, Industries & Commerce Dept, Govt of AP.	Member

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7. The CSR Committee has approved the CSR Policy at its Meeting held on 17th September, 2016 and recommended the same to the Board for approval. The Board approved the CSR Policy.

8. Further, as per **Rule 4 of Companies (Corporate Social Responsibility Policy) Rules, 2014,** the Board of a Company may decide to undertake its CSR activities approved by the CSR Committee, through a registered society or a Company (established under section 8 of the Act by the Company, either singly or along with its holding or subsidiary or associate Company, or along with any other Company or holding or subsidiary or associate Company of such other Company or otherwise) provided that if such trust, society or company is (not established by the Company either singly or along with its holding or subsidiary or associate Company, or along with any other Company or holding or subsidiary or associate Company of such other Company) shall have a established track record of three years in undertaking similar programs or projects.

9. Every year, the Corporation is required to spend approximately Rs. 7 crores under CSR activities depending upon the Net profits earned during last three years. The expenditure under CSR activities is not considered as allowable expenditure and taxable under Income Tax Act, 1961. As of now the Corporation is spending the CSR amount on its own at the project areas of the Corporation.

10. The APMDC has been allotted two Coal Blocks i.e. Madanapur South, Chattisgarh&Suliyari Coal Mine, Madhya Pradesh.

11. Keeping in view of huge amount required to spend under CSR by the Corporation every year, considering Future Revenues from the two Coal Blocks and as a part of Income Tax planning, the Corporation worked out various models for spending of CSR Amount i.e. forming Section 8 Company, Creation of trust and Charitable Society, the APMDC has stated that out of the above three models, forming of Trust has proved to be more convenient and easy to operate.

12. Further by establishing a Trust, the Trust shall collect nominal usage charges from the beneficiaries / grantees towards sustainability of the activities/ programmes undertaken.

13. The APMDC has stated that the Income of the Trust is exempted from the Income Tax subject to the following conditions as per the provisions of Section 11 & 12 of Income tax Act, 1961.

a) The trust shall spend 85% of the total donation received during the year in the year in which it has been received. If 85% of the total receipts is spent then the rest of 15% shall not be treated as Income and thus the 15% also Exempt from Tax.

b) Trust can claim exemption even when it has not spent 85% of its income, if it sets apart the residual amount for the specific objects of the trust and passes a resolution to spend in next 5 years. However the copy of the resolution along with Form 10 has to be filed with Income tax authorities.

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14. The APMDC has proposed to form a Trust with the name "***APMDC Foundation***" *with the main objective of promoting Health, Education, Gender Equality & Livelihood, Environment, Ethnicity, Sports, Support to Mineral Development and Rural Development and placed before the Board at its 387th meeting held on 28th April, 2017 and accorded approval*.

15. The VC & MD, M/s. APMDC Ltd., has, therefore, requested the Government to accord approval to form a Trust with the name "***APMDC FOUNDATION"*** *in order to enable them to implement the CSR Policy as per the Companies Act, 2013.*

16. After careful examination of the matter, Government hereby decide to approve of the proposal the APMDC to form a Trust with the name "***APMDC FOUNDATION"*** *in order to enable them to implement the CSR Policy as per the Companies Act, 2013.*

17. This order issues with the concurrence of Finance Department vide their U.O.No.45027/211/2017, Dt. 09.06.2017.

18. The VC&MD, M/s. A.P. Mineral & Development Corporation, Vijayawada shall take necessary action accordingly in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B. SREEDHAR
SECRETARY TO GOVERNMENT (M&G)

To,
The V.C.& M.D., M/s. A.P. Mineral & Development Corporation Ltd., Vijayawada.
Copy to:
The Director of Mines & Geology, Andhra Pradesh, Ibrahimpatnam, Vijayawada.
Sf/SC. (C.No.4406/M.II/A1/17)

//FORWARDED BY ORDER//

SECTION OFFICER